

STATE OF CONNECTICUT



*AUDITORS' REPORT
DEPARTMENT OF MOTOR VEHICLES
FISCAL YEARS ENDED JUNE 30, 2016, 2017 AND 2018*

AUDITORS OF PUBLIC ACCOUNTS
JOHN C. GERAGOSIAN ❖ CLARK J. CHAPIN

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July 20, 2021

EXECUTIVE SUMMARY

In accordance with the provisions of Section 2-90 of the Connecticut General Statutes, we have audited certain operations of the Department of Motor Vehicles (DMV) for the fiscal years ended June 30, 2016, 2017, and 2018. Our audit identified internal control deficiencies; instances of noncompliance with laws, regulations, and policies; and the need for changes in management practices that warrant the attention of management. The significant findings and recommendations are presented below:

Page 11	DMV does not adequately complete and document human resources investigations. The Department of Motor Vehicles should ensure that all investigation case files are complete to substantiate its review and resolution of investigations. (Recommendation 3.)
Page 14	DMV did not consistently complete annual performance evaluation assessments of its managers. DMV should ensure that all managers are evaluated each year using the Performance Assessment and Recognition System. (Recommendation 5.)
Page 15	DMV did not promptly update its administrative hearing case files and left several cases open for significant periods. DMV should monitor the duration of administrative hearing cases by periodically updating the hearing officer's notes into the Midrange Case Management system. The department should utilize the system's reporting functions to resolve older cases. (Recommendation 7.)
Page 17	We identified an incorrect configuration of DMV security filters that allowed all devices connected to the state's secure network to access the DMV intranet site. DMV should consult with Department of Administrative Services Bureau of Enterprise Systems and Technology to ensure that its intranet site has adequate security, maintenance of content and monitoring of least privilege. (Recommendation 8.)
Page 26	DMV lacks documentation supporting the design, implementation, and operation of entity-wide policies and procedures that support the effective functioning of application controls. DMV should develop, implement, and test the necessary entity-wide general controls to reduce the risk that application controls could be circumvented or modified. The department would thereby safeguard against the improper initiation, authorization, recording, processing, or reporting of related transactions. (Recommendation 14.)
Page 28	DMV lacks a comprehensive information technology disaster recovery plan. DMV should create a comprehensive disaster recovery plan that addresses information technology-related activities of the entire agency and should periodically test that plan. (Recommendation 16.)
Page 29	DMV has not implemented the third and final Connecticut Integrated Vehicle and Licensing System (CIVLS) release for licensing which was originally targeted for October 2011. DMV should identify the weaknesses in its process that resulted in delays in implementing the (CIVLS) modernization project and correct those deficiencies. The department should develop a solution for modernizing the licensing system that meets the long-term needs of the state but stays within the project's established budget despite the expansion in scope related due to the REAL ID program. (Recommendation 17.)

STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

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July 20, 2021

AUDITORS' REPORT DEPARTMENT OF MOTOR VEHICLES FISCAL YEARS ENDED JUNE 30, 2016, 2017 AND 2018

We have audited certain operations of the Department of Motor Vehicles in fulfillment of our duties under Section 2-90 of the Connecticut General Statutes. The scope of our audit included, but was not necessarily limited to, the fiscal years ended June 30, 2016, 2017, and 2018. The objectives of our audit were to:

1. Evaluate the department's internal controls over significant management and financial functions;
2. Evaluate the department's compliance with policies and procedures internal to the department or promulgated by other state agencies, as well as certain legal provisions; and
3. Evaluate the effectiveness, economy, and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing written policies and procedures, financial records, minutes of meetings, and other pertinent documents; interviewing various personnel of the department; and testing selected transactions. Our testing is not designed to project to a population unless specifically stated. We obtained an understanding of internal controls that we deemed significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contracts, grant agreements, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The accompanying Résumé of Operations is presented for informational purposes. This information was obtained from various available sources, including but not limited to, the department's management and the state's information systems, and was not subjected to the procedures applied in our audit of the department. For the areas audited, we identified:

1. Deficiencies in internal controls;
2. Apparent noncompliance with laws, regulations, contracts and grant agreements, policies and procedures; and
3. Need for improvements in management practices and procedures that we deemed to be reportable.

The State Auditors' Findings and Recommendations section of this report presents findings arising from our audit of the Department of Motor Vehicles.

COMMENTS

FOREWORD

The role and responsibilities of the Department of Motor Vehicles (DMV) are identified primarily under Title 14, Chapters 246 through 255 of the General Statutes. The department's principal function is the licensing and registering of drivers, automobiles, dealers, and repairers. The department also administers the state's auto emissions inspection program through various contractors.

Andres Ayala Jr. was appointed commissioner in January 2015 and served in that capacity until January 2016. Michael R. Bzdyra was appointed commissioner in March 2016 and served in that capacity until January 2019. In February 2019, Governor Ned Lamont appointed Sibongile Magubane as commissioner and she continues to serve in that capacity.

Connecticut Integrated Vehicle Licensing System (CIVLS)

The Department of Motor Vehicles implemented the Connecticut Integrated Vehicle Licensing System (CIVLS) project to modernize and consolidate its older legacy information systems to improve the department's business and administrative processes. The department began the project's development in 2009 and was scheduled to implement CIVLS through separate releases by the fall of 2012. However, significant issues during its development and implementation caused extensive delays and cost overruns. We reported on these issues in our Information Technology Security Audit report released in October 2019.

Several commissioners managed the project's implementation. Commissioner Robert M. Ward served during its planning, contracting, and initial development phases (2007 – 2011). Commissioner Melody A. Currey served during the majority of the system development phase and its first releases for licensing of automobile dealer and repairer establishments (2011 – 2015).

Commissioner Andres Ayala Jr. served from January 2015 until January 2016, during the implementation of the system modernization (2015 – 2016). Michael Bzdyra served as commissioner from January 2016 until January 2019. In April 2019, Sibongile Magubane officially became commissioner, and she continues to serve in that role.

Legislative Changes

Notable legislative changes enacted during the audited period are described below:

Public Act 16-55 (Section 3), effective July 1, 2016, required motor vehicle dealer or repairer license applicants to submit to state criminal history record checks no more than 30 days before applying for a license. The act also required dealers and repairers seeking license renewals to disclose, under penalty of false statement, if they have been convicted of a crime related to their business or certain other crimes, not just those that occurred in the previous 5 years.

Public Act 16-55 (Sections 6 and 7), effective July 1, 2016, established administrative license suspension procedures, including a hearing, for drivers who refuse to submit to a test or whose test results indicate an elevated blood alcohol content.

Public Act 16-55 (Section 23), effective August 15, 2016, required the department to submit, to the Transportation Committee of the General Assembly, periodic reports on wait times at DMV offices including: (1) the average wait time from when a customer receives a numbered ticket until the customer is served, (2) whether the average wait time decreased or increased from the previous month, and (3) the number of transactions at each office that could have been conducted online.

Furthermore, effective January 15, 2017, the act required the department to report annually to the committee: (1) specific goals for acceptable wait times at DMV offices, (2) steps the department took in the previous year to achieve those goals, and (3) a strategy to achieve or exceed those goals in the upcoming year.

Public Act 17-79 (Section 1), effective October 1, 2017, prohibited entities from issuing insurance policies or indemnity bonds for motor buses, taxis, livery vehicles, school transportation vehicles (STV), or service buses that do not meet the law’s minimum coverage requirements. It allowed DMV, when registering these vehicles, to presume that an issued policy or bond meets those coverage requirements.

Public Act 17-79 (Section 8), effective October 1, 2017, specified that the department must suspend a person convicted of multiple serious moving violations from operating a commercial vehicle if these violations were committed: (1) while operating a commercial motor vehicle; (2) while operating a noncommercial vehicle if the violation resulted in a person’s class D license being suspended for any period of time; or (3) any combination of (1) and (2).

Public Act 17-79 (Section 21), effective January 1, 2018, required DMV to issue Hartford Whalers license plates to commemorate the Hartford Whalers and provide funding for the Connecticut Children’s Medical Center. The act required DMV to charge a \$60 fee, in addition to all other registration fees, for Hartford Whalers plates.

Public Act 17-2 of the June Special Session (Section 667), effective December 1, 2017, required DMV to charge new and used car dealers a \$35 fee for each used motor vehicle they accept as a trade-in when selling a new or used vehicle. Proceeds from the fee must be deposited in the General Fund.

RÉSUMÉ OF OPERATIONS

General Fund Revenue

While the majority of the department's revenue is deposited in the Special Transportation Fund, \$233,200, \$283,187, and \$2,312,473 was deposited into the General Fund during the 2016, 2017, and 2018 fiscal years, respectively. These amounts consisted primarily of receipts from municipalities to offset the administrative costs of the delinquent property tax program, as specified in Section 14-33 (e) of the General Statutes. The large increase in fiscal year 2018 was primarily attributed to fees for titling of model year 2017 and newer vessels enacted by Public Act 14-63.

Special Transportation Fund

In accordance with Section 13b-61 (b) of the General Statutes, the majority of the Department of Motor Vehicles' revenues are deposited into the Special Transportation Fund. The following schedule outlines the department's deposits to the Special Transportation Fund:

Revenues:	Fiscal Year Ended June 30,		
	2016	2017	2018
Registrations	\$ 199,314,744	\$ 190,723,283	\$ 200,960,253
Sales and Use Tax	87,160,728	84,951,387	85,906,190
Temporary Registrations	7,329,958	7,588,983	7,535,510
Operator Licenses	39,781,878	39,627,158	39,410,772
Inspection of Motor Vehicles	7,259,755	7,432,633	7,303,869
Certificates of Title	19,974,667	20,763,624	20,383,942
License Examinations	8,699,428	8,430,550	8,279,647
Late Fees, Fines and Costs	15,596,246	13,691,449	13,356,193
Interstate Carrier Permits	3,440,798	3,443,131	3,274,969
Safety Plate Fees	3,379,234	3,338,048	3,362,534
Emissions Late Fees	556,125	1,939,710	2,219,120
Emissions Exemptions – 4 years	9,876,805	10,249,280	9,935,410
Sale of Commercial Information	24,346,732	22,570,164	24,321,984
Federal Clean Air Act	9,911,561	9,490,413	9,918,253
All Others	7,391,994	6,758,158	6,797,071
Total Revenues	\$ 444,020,653	\$ 430,997,971	\$ 442,965,717

Section 14-49b(a) of the General Statutes imposes a federal Clean Air Act fee for each new motor vehicle registration or renewal. The fee is \$10 per registration for two years and \$5 per registration for one year and is payable to DMV. Payments collected are deposited into the Special Transportation Fund (57.5%) and General Fund (42.5%).

The sale of commercial information consists primarily of driving history records supplied to insurance companies through a contractor.

In accordance with the provisions of Section 13b-69(b) of the General Statutes, the Department of Motor Vehicles' annual budgeted appropriations and expenditures were funded from the Special Transportation Fund. A summary of fund expenditures is presented below:

Expenditures:	Fiscal Year Ended June 30,		
	2016	2017	2018
Personal Services	\$ 49,235,837	\$ 46,933,512	\$ 44,892,503
Other Expenses	16,221,347	15,098,578	15,896,611
Equipment	121,329	468,756	468,756
Reflective License Plates	(41,660)	1,311,090	2,884,653
CVISN Project	(137,202)	0	5,400
Total	\$ 65,399,651	\$ 63,811,936	\$ 64,147,923

Special Revenue Fund – Federal and Other Restricted Accounts

Federal grants and other restricted account activities are recorded in the Federal and Other Restricted Accounts Fund. Fund expenditures were primarily charged to federal grant receipts for the National Motor Carrier Safety, Commercial Vehicle Information Systems, and the federal REAL ID programs. A summary of fund expenditures is presented below:

Expenditures:	Fiscal Year Ended June 30,		
	2016	2017	2018
Personal Services	\$ 2,040,427	\$ 2,813,240	\$ 3,536,779
Other Expenses	1,878,204	1,744,828	1,538,304
Total	\$ 3,918,631	\$ 4,558,068	\$ 5,075,083

Emissions Enterprise Fund

A vehicle emissions program under Title 14, Chapter 246a of the General Statutes requires that all motor vehicles registered in the state, except for those specifically exempt by law, be inspected for auto emissions. The statute also authorizes the commissioner to enter into an agreement with an independent contractor to provide construction, equipment, maintenance, and operation of inspection stations for emissions inspections.

The department's emissions administration is responsible for the regulatory functions of the program and for monitoring contractor compliance. The Emissions Enterprise Fund accounts for the operations of the program. A summary of fund activity is presented below:

	Fiscal Year Ended June 30,		
Expenditures:	2016	2017	2018
Revenue:			
Investment Income	\$ 1,664,928	\$ 1,714,144	\$ 1,801,751
Total Revenue	1,664,928	1,714,144	1,801,751
Expenditures:			
Personal Services and Fringe Benefits	2,789,916	6,066,638	5,987,640
All Other Expenditures	2,034,644	749,680	223,039
Total Expenditures	4,824,560	6,816,318	6,210,679
Excess of Revenue over Expenditures	(3,159,632)	(5,102,174)	(4,408,928)
Appropriation Transfer	(1,496,677)	1,905,381	4,017,909
Fund Balance at Beginning of Year	\$ 12,813,268	\$ 8,156,959	\$ 4,960,166
Fund Balance at End of Year	\$ 8,156,959	\$ 4,960,166	\$ 4,569,147

DMV no longer receives testing fees or pays the emissions contractor. Instead, fees go directly to the contractor and repair facilities that participate in the emissions testing program. In accordance with Section 14-164m of the General Statutes, the State Comptroller makes quarterly transfers from the Special Transportation Fund to the Emissions Enterprise Fund. Also, the Comptroller occasionally transfers funds from the Emissions Enterprise Fund into the General Fund.

State Capital Projects

Expenditures from state Capital Projects Funds totaled \$7,200 during the audited period. DMV spent most of the funds on office equipment.

STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our examination of the records of the Department of Motor vehicles disclosed the following 19 recommendations, of which 10 have been repeated from the previous audit:

Lack of Adherence to Dual Employment Provisions

- Criteria:* Section 5-208a of the General Statutes indicates that no state employee shall be compensated for services rendered to more than one state agency during a biweekly pay period unless the appointing authority of each agency or a designee certifies that the duties performed are outside the responsibility of the agency of principal employment, that the hours worked at each agency are documented and reviewed to preclude duplicate payment, and that no conflicts of interest exist between services performed.
- The Department of Administrative Services General Letter 204 – Dual Employment provides direction to state agencies in complying with Section 5-208a of the General Statutes. A Dual Employment Request Form (PER-DE-1) should be completed by the employee’s primary and secondary agencies as prescribed in the general letter.
- Condition:* Our review disclosed that three employees with dual employment arrangements did not always have a dual employment form on file. Two were missing forms for all three years of the audited period, and one was missing a form for one year.
- Context:* Four DMV employees had active dual employment arrangements during the audited period.
- Effect:* In the absence of proper monitoring and guidance, duplicate payments and conflicts of interest may go undetected.
- Cause:* It appears that a lack of administrative oversight contributed to the condition.
- Prior Audit Finding:* This finding has been previously reported in the last two audit reports covering the fiscal years ended June 30, 2011 through 2015.
- Recommendation:* The Department of Motor Vehicles should ensure that it complies with the dual employment requirements of Section 5-208a of the General Statutes and the Department of Administrative Services General Letter 204. (See Recommendation 1.)

Agency Response: “The agency has been cited in the last two (2) reporting periods. As there was a belief that this problem had been addressed, it is important to implement a regular internal audit. HR will contact DAS to obtain a report of all DMV employees who work in another State agency to ensure all paperwork is completed and on file.”

Deficiencies in Property Control and Reporting

Criteria: Section 4-36 of the General Statutes requires state agencies to establish and maintain an inventory record as prescribed by the State Comptroller. The State Property Control Manual establishes the standards and reporting requirements for maintaining an inventory system to provide for complete accountability and safeguarding of assets, including the following:

- Licensed and state-owned software must be differentiated, capitalized, and reported on the CO-59 property control report. The CO-59 instructions require the report balances to agree with balances in Core-CT, the state’s official accounting system.
- A separate perpetual (continuous) inventory should be maintained of all stores and supplies if the value of the entire inventory meets the \$5,000 capitalization threshold. The inventory should be reconciled annually to verify the amounts.
- Written internal procedures must be established regarding firearms and their destruction that include the agency's property control unit. Firearms must be reported on the agency's inventory regardless of value or cost, and are considered controllable at a minimum or can be reported as a capitalized item.
- A list of controllable property must be maintained. Controllable property is property with a unit value less than the \$5,000 capitalization threshold, an expected useful life beyond one year, or that requires identity and control, at the discretion of the agency. Items deemed sensitive, portable, and theft-prone should be added to the controllable list and must be inventoried on a regular basis.

Condition: Our review of the department’s inventory records disclosed the following:

- DMV did not report stores and supplies inventory on its CO-59 reports during the audited period. DMV acknowledged a \$127,271 balance during fiscal year 2017-2018.
- DMV has not reported any balances in the Software (Capitalized) Owned by the State category on its CO-59, although it is our understanding that the department developed software that would meet this classification.

We also understand that DMV is currently formalizing procedures to track project costs included in determining the value of agency developed software.

- DMV maintains a separate firearms inventory but did not include it in the Core-CT controllable property inventory.
- The controllable asset policy DMV provided to us for the audited period did not include many sensitive, portable, and theft-prone items with values less than \$5,000.

Effect: The property inventory records were inaccurate and incomplete. The department has less assurance that its assets are properly maintained and reported.

Cause: The department did not adhere to the State Property Control Manual and may not have been fully aware of these requirements.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The Department of Motor Vehicles should ensure that it properly records and maintains assets in accordance with the State Property Control Manual. (See Recommendation 2.)

Agency's Response: "The Department agrees with these findings:

The Department has implemented a monthly branch stock room supplies inventory reconciliation to provide for a more accurate means of tracking store room inventory. This information will be included in the CO-59.

The Department will make corrections to the coding of our CIVLS software and will report that as an asset going forward. Formalized procedures will be developed for tracking projects by assigning a Chartfield 2 identifier within CORE.

The Department will include weapons in future controllable asset reporting.

The Department will review our controllable item lists to determine if additional portable and theft prone items with a value less than \$5,000 should be included.”

Human Resources Unit – Investigations of Alleged Improprieties

Background: The Department of Motor Vehicles utilizes a Human Resources (HR) Administrative Investigation Report template that contains the background, exhibits, investigation, analysis, findings, recommendations, and the investigator’s and HR manager’s signatures.

Criteria: To provide assurance that an investigation’s conclusions and actions are reasonable and consistent, the HR Unit should conduct its investigations using formal, written procedures. In addition, the unit's administrator should formally document the review and conclusions of the investigations.

Stipulated agreements are contracts entered into by the employee and the department. The signatures of both parties are required and necessary to confirm acknowledgment of the agreement’s terms.

Condition: Our review of 15 investigation case files disclosed the following:

- Six cases did not have HR Administrative Investigation Reports.
- Eight cases did not have the required recommendation section and the signatures of the investigator and HR manager.
- Two out of eight stipulated agreements were not signed or did not include the employee’s and union representative’s signatures.

Effect: The lack of documentation of the human resources review and resolution of investigations increases the risk that conclusions and actions may be inconsistent.

Cause: A lack of proper oversight contributed to the conditions.

Prior Audit Finding: This finding has been previously reported in the last two audit reports covering the fiscal years ended June 30, 2011 through 2015.

Recommendation: The Department of Motor Vehicles should ensure that all investigation case files are complete to substantiate its review and resolution of investigations. (See Recommendation 3.)

Agency Response: “The agency will use established written procedures to review all investigations, and monthly reviews of pending and completed cases will resume. An investigation tracking sheet will be attached to the investigations which will include status of investigation, disciplinary recommendations and discipline letter, if applicable. The Labor Relations Unit created an Investigation Closure document which will be attached to all investigations as well. In addition, regular internal audits will be conducted to ensure all Stipulated Agreements are fully executed and all investigations comply with established protocols.”

Lack of Medical Certificates for Sick Leave

Criteria: Section 5-247-11 of the State Regulations requires an acceptable medical certificate, which must be on the form prescribed by the Commissioner of Administrative Services and signed by a licensed physician or other practitioner whose method of healing is recognized by the state, from an employee by his appointing authority to substantiate a request for sick leave for any period of absence consisting of more than five consecutive working days.

The Department of Administrative Services recommends that state employees absent for health reasons use the Employee Medical Certificate (P-33A) Form.

The Department of Motor Vehicles’ policy states that supervisors are responsible for ensuring that employees are using sick leave properly. Employees should report an absence due to illness or injury as soon as possible and must submit an acceptable medical certificate to the DMV Human Resources Unit for an absence of more than five consecutive workdays. Various collective bargaining agreements specify the same policy.

Condition: Our review of ten employee personnel files disclosed three instances in which DMV did not have the required medical certificates on file.

Effect: The department increases the risk of sick leave abuse when it does not obtain required medical certificates.

Cause: The department did not adequately monitor employees for compliance with medical certificate requirements.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The Department of Motor Vehicles should improve controls to ensure that employees provide medical certificates when required by state regulations and policy. (See Recommendation 4.)

Agency Response: “Agree, the DMV Human Resources Unit will forward an email to Agency Managers requiring them to notify HR when an employee is away from the worksite for health reasons for three (3) consecutive days. Upon notification, HR will contact the employee, forward a P33A and/or direct them to contact DAS Leaves and Benefits Unit to request FMLA paperwork. Absences due to FMLA qualifying events will be handled by the Department of Administrative Services. In all other instances, HR will notify the employee of the requirement to provide a medical certificate should their absence consist of more than five (5) consecutive days.”

Managerial Performance Evaluations Not Completed

Criteria: The Department of Administrative Services (DAS) developed the Performance Assessment and Recognition System (PARS) to support additional incentive compensation for managerial and confidential employees in agencies that use a prescribed PARS plan. Basic features of the program serve as a basis for annual salary increases and include developing results-oriented, measurable performance objectives and goals for each manager and confidential employee; regular communication between employees and their supervisors on meeting goals and performance assessments; and providing a basis for differentiating among performance levels.

Condition: Our review of the personnel files of 15 managers for annual performance evaluations completed during the three-year audited period disclosed the following exceptions:

- Four employees did not have any reviews.
- Four employees had only one review.
- Six employees had two reviews.
- Nine out of the seventeen evaluations reviewed were incomplete. The evaluations lacked signatures, service ratings, or proof of meeting established goals.

Effect: When performance evaluations are not prepared, there is less formal feedback to management about performance goals, the attainment of such goals, and productivity expectations.

- Cause:* The department has inadequate administrative controls to ensure the completion of PARS managerial performance evaluations.
- Prior Audit Finding:* This finding has been previously reported in the last two audit reports covering the fiscal years ended June 30, 2011 through 2015.
- Recommendation:* The Department of Motor Vehicles should ensure that all managers are evaluated each year using the Performance Assessment and Recognition System. (See Recommendation 5.)
- Agency Response:* “The agency agrees. As mentioned in the previous reporting cycle, the Human Resources Unit will compile a list of completed PARS Evaluations each August. Division Chiefs will be notified of outstanding PARS Evaluations. If the PARS Evaluations remain incomplete after two (2) reminders, the Commissioner will be notified and the Supervising Manager will be cited for non-compliance on their PARS Evaluation. In addition, the Human Resources Unit will conduct random audits throughout the evaluation period to ensure goals have been established and regular reviews of said goals are being conducted and evaluated.”

Payroll – Minimum Leave Time Increments

- Criteria:* Proper internal controls require the review and approval of timesheets to ensure accuracy and compliance with bargaining unit contracts, which require employees to record leave time in predetermined minimum increments.
- Condition:* During the audited period, there were 10,843 instances in which employees charged leave time inconsistent with the established increments set forth in the bargaining unit contracts.
- Context:* The majority of the department’s noncompliant employees were under the Administrative Clerical (NP-3) bargaining contract, which requires a one-hour minimum increment. We also noted exceptions, to a more limited extent, for employees under the Service/Maintenance (NP-2) bargaining contract, which requires a minimum increment of a half hour.
- Effect:* The use of leave time in increments less than the contractual minimum may result in undue administrative burden.
- Cause:* The department has not developed guidelines regarding the appropriate use of leave time increments.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The Department of Motor Vehicles should ensure that it adequately trains its employees to monitor for leave time that does not conform with bargaining contracts. (See Recommendation 6.)

Agency Response: “The Department agrees with this finding. However, the Human Resources Unit is reviewing the impact on the Agency as this is a past practice. The Agency will move forward based on the acquisition of additional information and further research.”

Administrative Hearings Operations

Background: The Department of Motor Vehicles uses Midrange Case Management software (Midrange) as the sole database for its case management and reporting. Hearings officers typically handwrite or type their final decisions and do not directly enter them. Office employees enter them into Midrange. Progress updates are noted as comments in Midrange to reflect the current status towards resolving the case.

DMV conducts administrative hearings for operating under the influence, dealer and repairer violations, medical qualifications, dealer franchise labor rate disputes, relocation or establishment of new franchises, tow rates, and licensing and registration issues.

Criteria: The department should perform periodic reviews and updates for administrative hearings within Midrange to ensure that it processes each case on time and the comments reflect the current status of each case. A current database is a critical management tool to determine the efficient disposition of cases.

Condition: **Decision Pending Cases**

Our review of 15 cases entered into Midrange during fiscal year 2017-2018 disclosed one case with no activity for over 476 days. The case was entered on September 20, 2017, and the first follow-up comment was entered on January 9, 2019. The case was withdrawn when both parties reached an agreement.

To Be Scheduled Cases

A review of 15 cases in Midrange disclosed the following:

- Twelve cases with a “to be scheduled” status had no follow-up comments from 230 to 873 days after the cases were entered into Midrange through the date of our inquiry.
- Three cases with a “case continued” status had no follow-up comments from 356 to 420 days after the last updates were entered into Midrange.
- Of the cases above, one case with a “to be scheduled” status as of September 11, 2019 was resolved on May 4, 2018. Furthermore, the department updated three other cases after our initial inquiry.

After further analysis of the population of 109 cases with a “to be scheduled” status in Midrange, we noted 78 cases that had no follow-up comments on their progress for 183 to 873 days. We analyzed cases that did not have activity for more than six months.

Further review noted that there were many case statuses in Midrange that were not updated to reflect the underlying handwritten or typed files. Many cases listed as “to be scheduled” had been worked on, withdrawn, or cancelled. It appears that the hearings officers’ working files may not have been promptly submitted for input into Midrange.

Context: DMV staff provided us with a report containing 109 “to be scheduled cases” in Midrange as of September 11, 2019. The cases varied from used car sales/repairs, wrecker storage, driving school, public service criminal arrest, fitness of operator, and qualifications hearing.

Effect: The department does not periodically update information in Midrange to allow management to adequately monitor the efficient resolution of active cases. The lack of documentation of the human resources review and resolution of investigations increases the risk that conclusions and actions may be inconsistent.

Cause: A lack of administrative oversight contributed to the updating delays of outstanding cases pending for extended periods. The unit did not fully utilize Midrange’s potential for generating caseload monitoring reports. DMV informed us that Midrange is 20 years old and is undergoing an upgrade. The updated system is expected to be more robust.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The Department of Motor Vehicles should monitor the duration of administrative hearing cases by periodically updating the hearing officer’s notes into the Midrange Case Management system. The

department should utilize the system's reporting functions to resolve older cases. (See Recommendation 7.)

Agency Response:

"The agency agrees with the Auditors' finding. After the Auditors' initial examination, the manager began reviewing the "To Be Scheduled" Report and the "Decision Pending" Report on a weekly basis. In addition, more frequent updates are obtained from staff in other units more closely involved in scheduling some of the hearings. As noted, this is an antiquated, end-of-life information technology system; often requiring laborious manual and redundant entries. Also as described, the new, more robust system will, among many other enhancements, cure one of the current system's primary deficiencies of character limitations. The character limitations necessitate typing separate word documents and require duplicate manual entries for lengthier hearing officer decisions. Given the Auditors' informal feedback in August, corrective action was promptly instituted. The manager confidently reports the noted deficiencies in updating cases have been remedied; the manager will continue to monitor on a weekly basis. Please note that the "Per Se" should be changed to "Adjudication" as the findings are related to adjudication cases, not per se cases."

Improper Intranet Security

Criteria:

The National Institute of Standards and Technology recommends various access controls in its Special Publication 800-53 (SP 800-53). Access Control AC-6, Least Privilege, requires that the organization employ the principle of least privilege, "allowing only authorized accesses for users which are necessary to accomplish assigned tasks in accordance with organizational missions and business functions."

Condition:

Our review of the DMV intranet site identified an incorrect configuration of security filters that allowed all devices connected to the state's secure network to access the site. DMV has since worked with Department of Administrative Services Bureau of Enterprise Systems and Technology's (DAS-BEST) to repair the incorrect configuration.

Context:

The DMV intranet site contains operational procedures, latest news, agency events, and employee information intended only for department staff. DMV staff informed us that the site does not currently contain confidential or sensitive information.

Effect:

The department's intranet site was exposed to an increased risk of unauthorized access.

Cause: DMV officials were not aware of who was responsible for network access. The department did not regularly monitor access to its intranet site.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The Department of Motor Vehicles should consult with Department of Administrative Services Bureau of Enterprise Systems and Technology to ensure that its intranet site has adequate security, maintenance of content, and monitoring of least privilege. (See Recommendation 8.)

Agency Response: “The Department agrees with this finding. The Agency will consult with DAS-Best to ensure that there is adequate security, maintenance of content and least privilege monitor of the DMV intranet website.”

Compensatory Time and Overtime

Criteria: Section 5-245 of the General Statutes provides that employees receive overtime pay for hours exceeding the employee’s regular workweek, when the appointing authority authorizes the additional work.

No employee may work overtime for the Department of Motor Vehicles without the express approval of a division head. Division heads are authorized to approve overtime up to their division's appropriation levels approved by the chief administrative officer. All overtime requests are reviewed on a case-by-case basis and must receive the division head’s prior approval. The department allows overtime without prior approval in emergency situations, which must be reported to the Human Resources department within 24 hours after the event.

Collective bargaining agreements and agency policies permit employees to earn compensatory time, with prior approval, for time worked in excess of their normal work schedule. Employees must submit a compensatory time request form that documents the dates and approximate hours, and reason for the request. The department has a standard compensatory time form that managers must approve prior to employees earning compensatory time.

Condition: **Overtime**

We reviewed 15 staff overtime records during the audited period. In ten instances, the department could not provide evidence to substantiate the prior approval of overtime or notification to the HR department within 24 hours of an emergency.

The department does not consistently document the prior approval of overtime by division heads. Furthermore, we observed that it is common practice for the department to allow prior approvals verbally, followed with the supervisor's written approval on the employee's timesheet.

Compensatory Time

We reviewed 15 staff compensatory time records during the audited period. None of the employees obtained prior management approval for their compensatory time.

In addition, the department does not have written compensatory time procedures.

Context: DMV adopted an informal policy allowing supervisors to subsequently approve overtime on timesheets. The department does not have an official approval form but makes employees aware that they must receive prior approval except in the case of an emergency or unforeseen circumstance.

Effect: A lack of proper documentation of compensatory time and overtime approvals reduces the assurance that time was earned and necessary.

Cause: The department relied on an informal verbal acknowledgement, which does not always occur or often occurs after the fact. DMV did not follow its overtime procedures.

Prior Audit Finding: This finding has not been previously reported.

Recommendation: The Department of Motor Vehicles should adhere to its procedures for the authorization of overtime to comply with Section 5-245 of the General Statutes. The department should adopt internal procedures that require prior approval of compensatory time. (See Recommendation 9.)

Agency Response: "The Department of Motor Vehicles will adhere to its procedures for approving overtime and comply with Section 5-245 of the General Statutes. We will also ensure compensatory time is requested and approved in advance. Regular internal audits will be conducted to ensure compliance."

Untimely Access Termination to Core-CT for Terminated Employees

Criteria: The Core-CT Security Liaison Guide states that each agency is responsible for assigning a Core-CT Security Liaison as the primary contact for the Statewide Core-CT Applications Security Administrator. The agency liaisons are responsible for requesting the deletion of access

immediately upon notice of an employee's termination, retirement, or transfer to another agency.

Condition: Our review of 30 terminated employees' access to Core-CT disclosed that the department did not immediately deactivate 21 employees' system access. The department took 575 to 1646 days to deactivate the employees' access.

Effect: There is an increased risk of unauthorized access to the Core-CT system and possible manipulation of data.

Cause: The department does not have appropriate controls in place to ensure that it immediately deactivates employee access to Core-CT upon termination, retirement, or transfer to another agency.

Prior Audit Finding: This finding has been previously reported in the last audit report covering the fiscal years ended June 30, 2013 through 2015.

Recommendation: The Department of Motor Vehicles should establish controls to ensure that it immediately deactivates employee access to the Core-CT system upon an employee's termination, retirement, or transfer to another agency. (See Recommendation 10.)

Agency Response: "The Department of Motor Vehicles CORE- CT Security Liaison will comply with CORE-CT Guidelines and Bulletins. Effective on July 22, 2015 Agency Security Liaisons were informed of a new automated user inactivation process. The State CORE-CT Security Team is responsible for deleting all transactional roles for any terminated, retired employees or employees who transfer out of an agency. Agency Security Liaisons will lock out the employee's User Account before they are terminated or transferred out in compliance with guidelines."

Pre-Pandemic Telecommuting Arrangement Not Documented or Reported Prior

Background: Telecommuting is a voluntary arrangement to allow employees to work from home or other approved location on a scheduled basis. Telecommuting is intended to increase worker productivity and efficiency, benefit the environment, and reduce traffic congestion.

Section 5-248i of the General Statutes authorizes the Department of Administrative Services (DAS) to develop and implement guidelines for authorizing telecommuting and work-at-home programs for state employees, which DAS issued under General Letter No. 32, Telecommuting Guidelines and the 2019 Interim Telework Guidelines. Due to the Covid-19 pandemic, on March 13, 2020, the Office of Policy

and Management approved DAS' request to extend the 2019 Interim Telework Guidelines to all executives, managers, and confidential executive branch employees.

The state's human resources function was centralized under DAS effective August 28, 2020.

Criteria:

DAS General Letter No. 32 establishes telecommuting requirements that include the following:

- A telework arrangement must be documented using the form prescribed by DAS, which must be signed by the employee, the employee's supervisor, the employee's manager, an HR representative, and the agency head or designee. The original signed form shall be kept in the telecommuting employee's personnel file with the employee's telecommuting proposal.
- The employee must not be in a job classification that requires leading or supervising staff.
- The telecommuting schedule must be defined for the employee.
- The number of hours each employee spends telecommuting must be recorded on the employee's timesheet.
- Agencies must provide DAS with a copy of any telecommuting arrangement that was authorized for its employees within one week of approval.

The Department of Motor Vehicles' work-at-home policy permits its management and non-bargaining employees to occasionally work at home for one day or less. It is expected that such situations are infrequent and approved only for exceptional circumstances.

Condition:

DMV permitted a Chief Administrative/Transformation Officer to telecommute from the officer's out-of-state residence two days per week as part of an executive appointment in June 2019. The position does not appear to qualify for telecommuting because its responsibilities include leading over 450 employees across several major divisions.

There was no documentation or approval of the telecommuting arrangement on file. Furthermore, the telecommuting time was not recorded on the employee's timesheets, and DMV did not report this telecommuting arrangement to DAS.

- Context:* This was the only telecommuting arrangement in effect at DMV prior to March 2020. Since March 2020, over 200 DMV employees have been telecommuting due to COVID-19 pandemic restrictions.
- Effect:* Permitting an executive level employee to telecommute does not meet the intent of DAS' telecommuting guidelines and could negatively affect the efficiency and productivity of employees. In addition, without a documented telecommuting arrangement, it is unclear whether DMV implemented appropriate security measures to protect sensitive or confidential information.
- Cause:* In April 2019, DMV came under new leadership, and most of the appointees came from the private sector where telecommuting by executives was common. DMV's HR division did not inform the new administration of the state's telecommuting policies and procedures.
- Prior Audit Finding:* This finding has not been previously reported.
- Recommendation:* The Department of Motor Vehicles should consult with the Department of Administrative Services prior to permitting employees to telecommute. (See Recommendation 11.)
- Agency Response:* "Agreed, the Human Resources Unit will continue to follow the DAS COVID-19 Guidelines as it relates to telecommuting arrangements. In addition, it shall consult with the Department of Administrative Services prior to permitting employees to telecommute in all other circumstances."

Ineffective Controls over Issuance of Placards and Special License Plates to Blind and Disabled Persons

- Background:* DMV issued special license plates to blind and disabled persons prior to October 1, 2011. Currently, the department only issues special license plates for motorcycles. Instead, the department now issues temporary and permanent placards based on the motor vehicle operator's license or identification card. The temporary placards are valid for six months or less, and the permanent placards are valid for up to six years or until the operator's license expires. The special license plate information is under the department's registration system while the placard information is under the licensing system. Currently, there are approximately 5,000 special license plates.
- Criteria:* Section 14-253a (b) of the General Statutes states that on and after October 1, 2011, DMV shall not accept applications for special license plates, but shall accept renewal applications for such plates that were issued prior to October 1, 2011, except for motorcycles. No person shall

be issued a placard unless such person is the holder of a valid motor vehicle operator's license or identification card. The commissioner is authorized to adopt regulations for the issuance of placards to persons who, by reason of hardship, do not hold or cannot obtain an operator's license or identification card. DMV shall maintain a record of each placard issued to any such person. Such applications and renewal applications shall be on a form prescribed by DMV. In the case of persons with disabilities, the application and renewal application shall include certification by a licensed physician, a physician assistant, or an advanced practice registered nurse. In the case of persons who are blind, the application or renewal application shall include certification of legal blindness made by the Department of Rehabilitation Services, an ophthalmologist, or an optometrist. Any person who makes a certification required by this subsection shall sign the application or renewal application under penalty of false statement.

Good business practice requires that internal controls should be in place to review application information to ensure that applicants provide valid certifications as required by listed licensed medical professionals. Good business practice also requires the department to set an expiration date for special license plate renewals and to cancel a plate when a holder dies.

Condition:

Our prior audit review of the department's process for issuance of placards and special license plates revealed the following:

- The department matches the Department of Public Health deceased file with the department's licensing system but not with the registration system. In addition, the department's online renewal registration does not require license information. Therefore, a special license plate would remain valid even after the plate holder dies.
- The department does not have a procedure to verify whether the certification provided on the placard application is valid.
- The department does not verify whether an individual renewing a registration is still qualified to obtain a special license plate.
- It may be possible for a person to obtain a valid placard and a special license plate since applications are processed in two different systems (the placard in the licensing system and the special license plate in the registration system). DMV does not cross match this information between the systems.

As of our current review in August 2020, the condition persists. DMV employees informed us that they completed an IT project request form, and upon approval, will begin to work with IT to establish a process to ensure the proper issuance and management of placards and special license plates in fiscal year 2020-2021. This process will include a procedure for revocation of the disabled plate if the registrant is not entitled to it.

Context: Due to the fact that the condition persists and a new process is pending submission and approval, we believe that a repeat finding is warranted.

Effect: Without proper verification of whether an individual is qualified for a placard or special license plate, there is an increased risk that people without disabilities may obtain placards and special license plates.

Cause: The department has not established sufficient internal controls to ensure the proper issuance and management of placards and special license plates.

Prior Audit Finding: This finding has been previously reported in the last audit report covering the fiscal years ended June 30, 2013 through 2015.

Recommendation: The Department of Motor Vehicles should establish procedures to ensure the proper issuance and management of placards and special license plates. (See Recommendation 12.)

Agency Response: “As noted in your findings, the integration of DPH and DMV is key in optimizing the review and distribution of HC Placards/Specialty Plates. As part of the DMV’s current modernization work, we are looking to integrate our own systems (currently we use mainframe and CIVLS) so that the integration of the DPH deceased data, reads into both registration and licensing systems. This integration, plus the work we are doing on cleansing our data files, will allow the DMV to update applicant records more effectively. Additionally, we are looking to add portal access so that providers and applicants can directly upload documents into our integrated system. Once these steps are achieved, our integration with DPH, our file review, and our documentation, should all be greatly improved.”

Lack of Driver Education Unit Procedures

Criteria: Proper internal control dictates that formal written procedures should be established, maintained, and disseminated to provide guidance to employees in the performance of their assigned duties.

<i>Condition:</i>	The DMV Driver Education Unit (DEU) lacks formal written procedures that would provide guidance to employees responsible for processing DEU transactions.
<i>Context:</i>	We reported this condition in our prior report. As of November 2020, DMV had not formally adopted written procedures. During our last audit, DMV staff indicated that the DEU was recently moved under the Commercial Vehicle Safety Division approximately six months earlier and was working on several written procedures.
<i>Effect:</i>	The DEU ability to train employees, and its effectiveness and efficiency may be diminished.
<i>Cause:</i>	DMV employees informed us that there have been recent retirements that delayed the adoption and implementation of written procedures.
<i>Prior Audit Finding:</i>	This finding has been previously reported in the prior audit report covering the fiscal years ended June 30, 2013 through 2015.
<i>Recommendation:</i>	The Department of Motor Vehicles should develop formal written procedures to provide guidance to employees responsible for processing Driver Education Unit transactions. (See Recommendation 13.)
<i>Agency Response:</i>	“The Dept. of Motor Vehicles Driver Education and Testing Unit (DETU) agrees with the audit findings. DETU was moved into CVSD in May 2020 and started writing procedures. Staff retirements and COVID absences in 2020 have severely impacted progress. Although little to no progress occurred in the prior 5-6 years, we estimate this condition may be remedied by late 2021 only if vacancies are refilled immediately and there are no other reductions in staff.”

Lack of General Controls for Information Technology (IT) Systems

<i>Criteria:</i>	General controls are policies and procedures that, on an entity-wide basis, relate to many applications and support the effective functioning of application controls. General controls ordinarily include controls related to: IT strategic planning and risk management; data center and network operations; physical security and access to programs and data; and program changes and systems acquisition and development.
<i>Condition:</i>	DMV was not able to provide documentation supporting the design, implementation, or effective operation of entity-wide policies and procedures that support the effective functioning of application controls.

- Context:* We reported this condition in our prior audit report, and it continues to exist. As of October 2020, DMV representatives reported to us that, due to leadership changes in the IT Unit, a review of policy and procedure related to this finding will be reviewed and addressed in fiscal year 2020-2021.
- Effect:* In the absence of entity-wide general controls, application controls may not be effective at ensuring that transactions processed by DMV are initiated, authorized, recorded, processed, and reported as intended.
- Cause:* Prior to the implementation of the Connecticut Integrated Vehicle Licensing System (CIVLS), vendors managed most complex applications at DMV, such as the insurance compliance system. Following the implementation of CIVLS, DMV utilized internal resources to address CIVLS-related implementation problems.
- Prior Audit Finding:* This finding has been previously reported in the last audit report covering the fiscal years ended June 30, 2013 through 2015.
- Recommendation:* The Department of Motor Vehicles should develop, implement, and test the necessary entity-wide general controls to reduce the risk that application controls could be circumvented or modified. DMV would thereby safeguard against the improper initiation, authorization, recording, processing, or reporting of related transactions. (See Recommendation 14.)
- Agency Response:* “The Department agrees with this finding. The Agency will review procedures to review, approve and prioritize various IT Projects and make adjustments as necessary. This would include IT strategic planning and risk management; data center and network operations; physical security and access to programs and data; and program changes and systems acquisition and development.”

Lack of Procedures to Prevent License Issuance to Sales Tax Delinquent Dealers and Repairers

- Criteria:* Section 14-52a (b) of the General Statutes states that DMV should not, after notice and hearing, grant or renew a motor vehicle dealer or repairer license to an applicant or licensee that is delinquent in the payment of sales tax in connection with a business that is or was obligated to remit sales tax.
- Condition:* Our review of the department’s procedures to ensure that dealers or repairers are not delinquent in sales tax payments prior to granting or renewing their licenses revealed the following:

- The department does not have written procedures to verify whether new applicants or renewals are delinquent before it grants renewals or a new dealer or repairer license.
- Licenses become due for renewal monthly, but DMV and the Department of Revenue Services (DRS) have not implemented operating procedures or a memorandum of understanding to effectively provide a current list of tax compliant dealers and repairers to prevent tax delinquent dealers or repairers from obtaining licenses.

Context: In an August 2020 status update, DMV personnel indicated to us that the department is hiring a Motor Vehicle Analyst to verify that renewals and new applications comply with Section 14-52a (b). Furthermore, we were advised that the department will explore whether this can be coordinated between-DMV and DRS computers automatically.

Effect: There is a risk that the department could have issued or renewed licenses for dealers and repairers who owed delinquent taxes.

Cause: The department did not implement the statutory verification process on its effective date. In addition, the department did not establish procedures to coordinate effectively with DRS.

Prior Audit Finding: This finding has been previously reported in modified form in the last audit report covering the fiscal years ended June 30, 2013 through 2015.

Recommendation: The Department of Motor Vehicles should have promptly implemented the verification process required by Section 14-52a (b) of the General Statutes. DMV should coordinate with the Department of Revenue Services to ensure the collection of delinquent sales taxes. (See Recommendation 15.)

Agency Response: “The Department of Motor Vehicles agrees with the audit report in part. There has been no dealer or repairer license issued or renewed following notice of sales tax delinquency by DRS. Procedures are now in place, and new application forms now capture info which is verified by DRS for sales tax compliance prior to license issuance. DRS also provides DMV with a monthly list of licensees who are delinquent. Based on this list, a letter is sent to the licensee directing them to comply with sales tax obligations or face the administrative hearing and license revocation. By law, a license or a renewal cannot be denied without a hearing, so renewals are permitted while a hearing decision may be pending. The MV Analyst position was frozen and remains unfilled, which continues to negatively affect this process. Further, DRS was unwilling to discuss legislation that would require a ‘sales tax bond’ for car dealers which

would allow the State to still collect delinquent sales tax regardless of the dealer going out of business. Denying the renewal of a license does not collect delinquent sales tax. Legislation requiring a bond should be discussed at the Commissioner level of DMV and DRS.”

Lack of Disaster Recovery Planning

Criteria: Sound business practices provide that organizations have a current information technology (IT) disaster recovery plan in place to enable the resumption of critical operations within a reasonable period after a disaster. Agencies can determine if a Hot Site, a fully operational offsite data processing facility equipped with hardware and software, to be used in the event of an information system disruption or a Cold Site, backup facility that has the necessary electrical and physical components of a computer facility, but does not have the computer equipment in place. The site is ready to receive the necessary replacement computer equipment in the event that the user has to move from their main computing location to an alternate site.

Condition: Our prior audits noted that the DMV-updated disaster recovery plan did not have formal arrangements in place to allow for hot site/cold site utilization of its Midrange applications housed within DMV facilities. With respect to the DMV major application housed within the Department of Administrative Services Bureau of Enterprise Systems and Technology’s (BEST), DMV was unable to provide formal documentation of periodic testing, and the BEST disaster recovery plan does not stipulate DMV-specific responsibilities.

Context: In an August 2020 status update, DMV personnel stated that these conditions persisted during the current audited period. DMV personnel advised that, due to leadership changes in the IT Unit, this finding will be reviewed and addressed during the 2020-2021 fiscal year. Furthermore, we were advised that a work order is in place to create an offsite backup of the Midrange production server.

Effect: The lack of a comprehensive disaster recovery plan may lead to increased costs to the state because of service interruptions or the loss of data due to a disaster.

Cause: The department devoted its resources to a CIVLS modernization project and therefore, did not have resources for a current disaster recovery plan.

Prior Audit Finding: This finding has been previously reported in the last two audit reports covering the fiscal years ended June 30, 2011 through 2015.

Recommendation: The Department of Motor Vehicles should create a comprehensive disaster recovery plan that addresses information technology-related activities of the entire agency and should periodically test that plan. (See Recommendation 16.)

Agency Response: “The Department agrees with this finding and is currently working on a Disaster Recovery Plan. A service level agreement (SLA), which is a component of the Recovery Plan, was finalized with DAS Best in 2018.”

CIVLS Modernization of Licensing

Background: In 2009, the Department of Motor Vehicles contracted with Science Applications International Corporation (SAIC) to develop the Connecticut Integrated Vehicle and Licensing System (CIVLS). SAIC later assigned the contract to 3M, who completed the work on the project. The funding for the contract was part of the larger project to modernize the department’s information technology systems and administrative processes.

Criteria: Good business practices suggest that project management should define business requirements adequately and plan projects accordingly before entering a contract.

Management and business owners are responsible for properly reviewing a contract to ensure that all project requirements are clearly stated, thereby avoiding unnecessary additional costs and delays.

The project implementation schedule included in the original contract identified scheduled release dates of June 2010 for Release 1 and January 2011 for Release 2. For Release 3, the scheduled start of work was June 2010, and the scheduled completion date was October 2011.

Condition: As reported in our prior audit, the initial CIVLS contract included three major deliverable releases. DMV did not meet the planned implementation dates. DMV implemented the first release of the project for dealers and repairers in 2012 and the second release for registration in 2015. DMV has not completely implemented the third and final release for licensing. The department terminated its contract in early 2016.

During August 2020, DMV personnel advised us that COVID-19 created some funding challenges, but the department would continue exploring its options and expected to decide in fiscal year 2020-2021.

Effect: The department did not achieve its goal of completely modernizing the licensing system, and the state continues to rely on the older mainframe system. As a result of delays in modernizing the licensing system, DMV spent approximately \$2,645,000 in federal grant resources on the older system to comply with the federal REAL ID program mandates rather than funding the modernized CIVLS licensing system.

If DMV implemented CIVLS on time, the state may have avoided the additional cost of REAL ID compliance.

It is not clear how much additional funding will be required for completion of licensing system modernization. DMV expects that the costs to replace the aging mainframe system and REAL ID compliance are unavoidable.

Cause: The department did not utilize professional project management services during the initial stages of the CIVLS project. There were also numerous disagreements between 3M and the department related to changes in the project's scope. In addition, the implementation of Release 2 was not successful. As a result, the department terminated its contract with 3M.

Prior Audit Finding: This finding has been previously reported in the last audit report covering the fiscal years ended June 30, 2013 through 2015.

Recommendation: The Department of Motor Vehicles should identify the weaknesses in its process that resulted in the delays in implementing the Connecticut Integrated Vehicle and Licensing System (CIVLS) modernization project and correct those deficiencies. The department should develop a solution for modernizing the licensing system that meets the long-term needs of the state but stays within the project's established budget despite the expansion in scope due to the REAL ID program. (See Recommendation 17.)

Agency Response: "The Department agrees with this finding and is currently working on upgrading technology to meet future needs. The Agency hired a vendor to document capabilities and associated gaps against future operation needs in functionality, expandability and resources. The resulting report described expected features/capabilities for future platform needed to support end-to-end operations. The report describes the future system and components of the modernization effort and the associated functions and operations to be addressed.

As DMV moves forward with its modernization efforts, it has established 6 work streams including, establishing a strong project management office, maintain legacy systems to support service

continuity, enhance online capabilities, transform workforce and modernization readiness and select and deploy integrated system platforms.

Currently, the Agency is working on online services for driver's license and ID renewal, change of address, duplicate ID and driver's license and driver history request. In addition, planning is in progress for website enhancements, chatbot functionality and an enterprise scanning and workflow solution."

Reporting – Medical Advisory Board (MAB) Operation and Wait Time Report

Criteria:

Section 1-225 of the General Statutes requires public agencies to: (a) post meeting minutes to the agency's website no later than 7 days after such meeting; (b) file with the Secretary of the State a schedule of regular meetings for the ensuing year and post such schedule on the agency's website no later than January 31st annually; (c) file with the Secretary of the State the agenda of such meeting and post such agenda on the agency's website no less than 24 hours before a meeting.

Section 14-46b of the General Statutes established the Motor Vehicle Operator's Medical Advisory Board to advise DMV on medical aspects and concerns of licensing motor vehicle operators. The board shall consist of between 8 and 15 members appointed by the commissioner from a list of nominees provided by professional medical associations or organizations that represent the specialties of: (1) general medicine or surgery, (2) internal medicine, (3) cardiovascular medicine, (4) neurology or neurological surgery, (5) ophthalmology, (6) orthopedics, (7) psychiatry, (8) occupational medicine, and (9) optometry.

Section 14-11e (a) of the General Statutes requires DMV, beginning on January 15, 2017 and annually thereafter, to submit an annual report to the General Assembly to: (1) identify specific goals indicating acceptable waiting times, (2) summarize actions undertaken by the department in the previous year to achieve the goals, and (3) include a strategy to achieve or exceed goals in the upcoming year.

Condition:

Medical Advisory Board Operations

The Medical Advisory Board held six meetings during the audited period but did not post any of its meeting agendas and minutes on the DMV website. The board only filed four of its meeting agendas with the Secretary of the State.

A review of all six meeting minutes revealed that four out of ten members missed 50% or more of the meetings, with four members absent for two to three years. In addition, the board's ophthalmology specialty position has been vacant since early 2017.

Wait Time Report

The department was unable to provide documentation that it prepared the 2018 Annual Wait Time Report and submitted it to the General Assembly.

Context:

Nothing within the statute addresses inactive Medical Advisory Board members. Statutes of governing boards typically contain language to address the inactivity of its members. For example, for other boards, members who fail to attend three consecutive meetings or 50% of all meetings held during a calendar year shall be deemed to have resigned from the board.

Effect:

The Medical Advisory Board did not comply with the statutory meeting requirements, which may preclude the public's knowledge of its proceedings.

Without the full complement of participating members, the board may experience difficulties obtaining quorums and may not benefit from the intended representation of a variety of professional medical opinions and objectives.

The department did not comply with the reporting requirements of Section 14-11e (a) of the General Statutes, thereby limiting the information available to the General Assembly to make informed decisions.

Cause:

DMV informed us that it was not aware of the requirements of Section 1-225, and the membership of the board is kept confidential.

The department does not monitor the board's attendance.

Agency personnel could not locate the 2018 Annual Wait Time Report. There seems to be a lack of administrative oversight.

Prior Audit Finding:

This finding has not been previously reported.

Recommendation:

The Department of Motor Vehicles should ensure that the Motor Vehicle Operator's Medical Advisory Board complies with board agenda and meeting reporting requirements under Section 1-225 of the General Statutes. The department should consider incorporating

committee membership attendance requirements in Section 14-46b of the General Statutes.

In addition, the Department of Motor Vehicles should comply with the reporting requirements of Section 14-11e (a) of the General Statutes. (See Recommendation 18.)

Agency Response:

Agency’s Response MAB:

“Board members are typically contacted ad hoc, to provide recommendations and advice on individual health problem cases referred by the commissioner as indicated under 14-46c. Because of the wide range of cases and the type of information being reviewed, there may not be a need for a specialist to be involved every month or quarter. As such, as long as the individual members are fulfilling this duty when contacted, we consider them to remain active members of the board.

The DMV agrees to look into sharing agendas and meeting minutes on the DMV website, going forward.

MAB members are volunteers, typically recommended by other members for inclusion. As such, we encourage but do not require attendance at Medical Advisory Board meetings.”

Agency’s Response 2018 Wait Time Report:

“The Department agrees with the finding and will comply with the requirement of Conn. Gen. Stat 14-11e(a) going forward. However, an annual report was filed pursuant to Con. Gen. Stat. 14-11e(a) in 2018. DMV has contacted the Senior Committee Clerk for a copy of the report. The report will be forwarded to the APA upon receipt.”

Other – Deficiency in the Recruitment Process

Background:

The Motor Vehicle Division Chief is responsible for managing a major DMV division comprised of a variety of specialized services related to registration, dealerships, insurance coverage, and other customer focused services. The division chiefs are directed by the deputy commissioner or another executive administrative official.

Criteria:

State agencies recruit and hire employees working with the Department of Administrative Services’ (DAS) Statewide Human Resources department through the JobAps system. The JobAps Step Guide states that the recruiting agency is responsible for submitting job postings for approval, determining whether candidates meet the minimum

qualifications in the job posting, scheduling and conducting interviews, and communicating with candidates throughout the process.

Employee candidate's representations regarding their work experience and professional credentials are a key factor in hiring decisions. Verification of these representations is a fundamental part of the hiring process.

Regulations of Connecticut State Agencies, Section 46a-68-92(c), states that, to provide a fair selection process, state agencies should review the process to ensure they treat each applicant fairly and consistently and document the selection process fully.

Condition:

Our review of two recruitment processes for the Motor Vehicle Division Chief position revealed the following:

- One employee promoted to Motor Vehicle Division Chief did not meet the minimum qualifications for the position. Based on our review of Core-CT, the employee held the Motor Vehicle Hub Branch Manager position for three months rather than the required two years that the employee indicated on the job application.
- Prior to conducting interviews for the Motor Vehicle Division Chief position, DMV chose to repost the position after it received applications. However, DMV did not withdraw the initial recruitment or inform the initial applicants. This gave the appearance that the new posting was for a second position rather than a replacement for the first. Furthermore, DMV used the second recruitment to fill two Motor Vehicle Division Chief positions.

Context:

DMV received 58 applications for the first posting and 76 applications for the second posting, with 16 candidates applying for both. DMV interviewed eight candidates and promoted two from within the agency. The postings were open to the public.

The promoted employee accepted a voluntary demotion to Motor Vehicle Division Manager, a position for which the individual met the minimum qualifications.

Effect:

DMV promoted a Motor Vehicle Division Chief candidate who did not meet the minimum qualifications for the position.

The lack of communication excluded candidates from the recruitment process, and DMV did not treat each applicant fairly and consistently.

Cause: The DMV Human Resources unit did not verify the information provided in the job applications.

The DMV Human Resources unit's personnel believed that DAS was responsible for contacting the candidates about the need to reapply for the new posting.

Prior Audit Finding: This finding has not been previously reported.

Conclusion: The Department of Motor Vehicles' Human Resources function has been centralized under the Department of Administrative Services effective August 28, 2020.

Agency Response: "This issue has resolved itself as a result of the Department of Motor Vehicles' human resources recruitment functions being centralized under DAS."

RECOMMENDATIONS

Status of Prior Audit Recommendations:

Our prior audit report on the Department of Motor Vehicles contained 18 recommendations, of which 8 have been implemented or otherwise resolved, and 10 have been repeated or restated with modifications during the current audit.

- The Department of Motor Vehicles should revise its asset capitalization procedures to ensure that capital assets are recorded at actual cost. In addition, the department should improve internal controls over asset management, including implementation of asset inventory barcode scanners, to ensure that assets are properly recorded, maintained, and safeguarded in accordance with the State Property Control Manual. **This recommendation has been resolved.**
- The Department of Motor Vehicles Human Resources Unit should include documentation in its investigation case files to substantiate its review and resolution of the investigation. **This recommendation is being repeated. (See Recommendation 3.)**
- The Department of Motor Vehicles Human Resources Unit should ensure that it performs annual performance evaluations for all of its managerial employees. **This recommendation is being repeated. (See Recommendation 5.)**
- The Department of Motor Vehicles should ensure that the Leave in Lieu of Accrual time reporting code is properly used, reported, and adjusted in accordance with established criteria. **This recommendation has been resolved.**
- The Department of Motor Vehicles should ensure that it complies with the dual employment requirements of Section 5-208a of the General Statutes. **This recommendation is being repeated. (See Recommendation 1.)**
- The Department of Motor Vehicles should establish controls to ensure that access to the Core-CT system is deactivated immediately upon the termination of an employee. **This recommendation is being repeated. (See Recommendation 10.)**
- The Department of Motor Vehicles should establish written procedures for issuing licenses to driving instructors and driving schools to comply with state laws and regulations. In addition, the department should strengthen internal controls and administrative oversight to ensure the safety of students. **This recommendation has been resolved.**
- The Department of Motor Vehicles should ensure that the GAAP forms submitted to the State Comptroller are prepared accurately. **This recommendation has been resolved.**

- The Department of Motor Vehicles should develop the necessary internal controls to ensure that emissions test counts reported by the Emissions Database Management System vendor and the emissions test vendor are consistent, accurate, and complete. The department also should determine the cause for its failure to abide by the emissions test vendor contract and implement measures to ensure future compliance. **This recommendation has been resolved.**
- The Department of Motor Vehicles should resume the practice of revoking registrations for dishonored payments and collect all available fees to cover the costs of collections as well as the additional revenue resulting from reinstatement fees. **This recommendation has been resolved.**
- The Department of Motor Vehicles should ensure that deposits are made in a timely manner as required by Section 4-32 of the General Statutes. **This recommendation has been resolved.**
- The Department of Motor Vehicles should ensure that dealers submit a complete application packet before they are established as online dealer agents. Additionally, the department should enforce the 5-day limit for the submission of required documents and fees. **This recommendation has been resolved.**
- The Department of Motor Vehicles should improve its internal controls by updating and maintaining its formal, comprehensive written procedures related to its per se hearing process. DMV also should develop formal written procedures to provide guidance to employees responsible for processing Driver Education Unit transactions. **This recommendation is being repeated in a modified form. (See Recommendation 13.)**
- The Department of Motor Vehicles should develop, implement, and test the necessary entity-wide general controls to reduce the risk that application controls could be circumvented or modified. DMV would thereby safeguard against the improper initiation, authorization, recording, processing, or reporting of related transactions. **This recommendation is being repeated. (See Recommendation 14.)**
- The Department of Motor Vehicles should establish procedures to ensure the proper issuance and management of placards and special license plates for blind and disabled persons. **This recommendation is being repeated. (See Recommendation 12.)**
- The Department of Motor Vehicles should have implemented the verification process required by Section 14-52a (b) of the General Statutes on its effective date. DMV should appropriately coordinate with the Department of Revenue Services to ensure the collection of delinquent sales taxes. **This recommendation is being repeated. (See Recommendation 15.)**

- The Department of Motor Vehicles should create a comprehensive disaster recovery plan that covers information technology-related activities of the entire agency and periodically perform testing of that plan. **This recommendation is being repeated. (See Recommendation 16.)**
- The Department of Motor Vehicles should identify the weaknesses in its process that resulted in the delays in implementing the modernization project and correct the deficiencies in the process. The department also should develop a solution for modernizing the licensing system that meets the long-term needs of the state but stays within the established budget of the modernization project despite the expansion in scope related to the REAL ID program. **This recommendation is being repeated. (See Recommendation 17.)**

Current Audit Recommendations:

- 1. The Department of Motor Vehicles should ensure that it complies with the dual employment requirements of Section 5-208a of the General Statutes and the Department of Administrative Services General Letter No. 204.**

Comment:

DMV did not adequately document dual employment arrangements for three of four employees we reviewed.

- 2. The Department of Motor Vehicles should ensure that it properly records and maintains assets in accordance with the State Property Control Manual.**

Comment:

Our review of DMVs' inventory records disclosed that DMV did not properly record or report stores and supplies, software, firearms, and controllable property in accordance with the State Property Control Manual.

- 3. The Department of Motor Vehicles should ensure that all investigation case files are complete to substantiate its review and resolution of investigations.**

Comment:

Our review of 15 investigation case files noted that six did not have required HR Administrative Investigation Reports and eight did not have recommendations and pertinent signatures. In addition, two out of eight stipulated agreements were not signed or did not include the employee's and union representative's signatures.

- 4. The Department of Motor Vehicles should improve controls to ensure that employees provide medical certificates when required by state regulations and policy.**

Comment:

Our review of ten employees' personnel files disclosed three instances in which DMV did not have the required medical certificates on file.

- 5. The Department of Motor Vehicles should ensure that all managers are evaluated each year using the Performance Assessment and Recognition System.**

Comment:

DMV did not consistently complete performance evaluation assessments of its managers.

- 6. The Department of Motor Vehicles should ensure that it adequately trains its employees to monitor for leave time that does not conform with bargaining contracts.**

Comment:

During the audited period, there were 10,843 instances in which employees charged leave time inconsistent with the established increments set forth in the bargaining unit contracts.

- 7. The Department of Motor Vehicles should monitor the duration of administrative hearing cases by periodically updating the hearing officer's notes into the Midrange Case Management system. The department should utilize the system's reporting functions to resolve older cases.**

Comment:

DMV did not promptly update its administrative hearing case files and left several cases open for significant periods.

- 8. The Department of Motor Vehicles should consult with Department of Administrative Services Bureau of Enterprise Systems and Technology's to ensure that its intranet site has adequate security, maintenance of content, and monitoring of least privilege.**

Comment:

We identified an incorrect configuration of DMV security filters that allowed all devices connected to the state's secure network to access the DMV intranet site.

- 9. The Department of Motor Vehicles should adhere to its procedures for the authorization of overtime to comply with Section 5-245 of the General Statutes. The department should adopt internal procedures that require prior approval of compensatory time.**

Comment:

We noted that 10 of 15 employees reviewed did not have prior overtime approvals. Also, all 15 employees reviewed did not obtain prior compensatory time approvals. In addition, DMV did not have a policy to approve compensatory time.

- 10. The Department of Motor Vehicles should establish controls to ensure that it immediately deactivates employee access to the Core-CT system upon an employee's termination, retirement, or transfer to another agency.**

Comment:

Our review of 30 terminated employees' access to Core-CT disclosed that the department did not immediately deactivate 21 employees' system access. The department took 575 to 1646 days to deactivate the employees' access.

- 11. The Department of Motor Vehicles should consult with the Department of Administrative Services prior to permitting employees to telecommute.**

Comment:

DMV permitted a managerial employee to commute from an out-of-state residence even though the position does not appear to qualify for telecommuting due to its supervisory responsibilities. The Human Resources Department did not document this telecommuting arrangement or consult with the Department of Administrative Services.

- 12. The Department of Motor Vehicles should establish procedures to ensure the proper issuance and management of placards and special license plates.**

Comment:

DMV lacks controls to ensure that it properly issues and manages placards and special license plates for persons with disabilities.

- 13. The Department of Motor Vehicles should develop formal written procedures to provide guidance to employees responsible for processing Driver Education Unit transactions.**

Comment:

The Driver Education Unit (DEU) lacks formal written procedures that would provide guidance to employees responsible for processing DEU transactions.

- 14. The Department of Motor Vehicles should develop, implement, and test the necessary entity-wide general controls to reduce the risk that application controls could be circumvented or modified. DMV would thereby safeguard against the improper initiation, authorization, recording, processing, or reporting of related transactions.**

Comment:

DMV lacks documentation supporting the design, implementation, or effective operation of entity-wide policies and procedures that support the effective functioning of application controls.

- 15. The Department of Motor Vehicles should have promptly implemented the verification process required by Section 14-52a (b) of the General Statutes. DMV should coordinate with the Department of Revenue Services to ensure the collection of delinquent sales taxes.**

Comment:

DMV lacks controls to ensure that dealers or repairers are not delinquent in sales tax payments prior to granting or renewing their licenses.

- 16. The Department of Motor Vehicles should create a comprehensive disaster recovery plan that addresses information technology-related activities of the entire agency and should periodically test that plan.**

Comment:

DMV lacks a current comprehensive information technology disaster recovery plan.

- 17. The Department of Motor Vehicles should identify the weaknesses in its process that resulted in the delays in implementing the Connecticut Integrated Vehicle and Licensing System (CIVLS) modernization project and correct those deficiencies. The department should develop a solution for modernizing the licensing system that meets the long-term needs of the state but stays within the project's established budget despite the expansion in scope related due to the REAL ID program.**

Comment:

The initial Connecticut Integrated Vehicle and Licensing System (CIVLS) contract included three major deliverable releases. DMV has not completely implemented the third and final release for licensing, which was originally scheduled for 2011. The department terminated its contract with the vendor in early 2016 and does not have a target date for the planned final implementation.

- 18. The Department of Motor Vehicles should ensure compliance with reporting requirements under Section 1-225 of the General Statutes pertaining to board meeting agendas and minutes and should also consider seeking the incorporation of committee membership attendance requirements for Motor Vehicle Operator's Medical Advisory Board established under Section 14-46b of the General Statutes.**

Additionally, the Department of Motor Vehicles should ensure compliance with the reporting requirements of Section 14-11e(a) of the General Statutes.

Comment:

The Medical Advisory Board held six meetings during the audited period but did not post any of its meeting agendas and minutes on the DMV website. The board only filed four of its meeting agendas with the Secretary of the State. A review of minutes from all six meetings revealed that four out of ten members missed 50% or more of the meetings, with four members absent for two to three years. The board's ophthalmology specialty position has been vacant since early 2017. In addition, the department was unable to provide documentation that it prepared the 2018 Annual Wait Time Report and submitted it to the General Assembly.

ACKNOWLEDGMENTS

The Auditors of Public Accounts wish to express our appreciation for the courtesies and cooperation extended to our representatives by the personnel of the Department of Motor Vehicles during the course of our examination.

The Auditors of Public Accounts also would like to acknowledge the auditors who contributed to this report:

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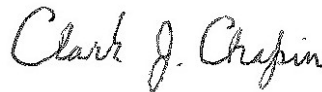


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